



Los Angeles County  
Board of Supervisors

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April 20, 2006

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

**APPROVAL OF THREE FINANCIAL  
MANAGEMENT SERVICES AGREEMENT AMENDMENTS**  
(All District) (3 Votes)

IT IS RECOMMENDED THAT YOUR BOARD:

Approve and instruct the Acting Director, or his designee, to sign Amendment No. 5 with Accordis, Inc. (County Contract No. H-210553), and Amendments No. 1 with Great Lakes Billing Services, (County Contract No. H-300049), and with Grant & Weber, (County Contract No. H-700843), substantially similar to Exhibits I, II, and III, to assist County hospitals, health centers, and comprehensive health centers with collection and/or payment services for an additional 12 months, effective July 1, 2006 through June 30, 2007, each supported by contingent fees based solely on a percentage of revenues collected/received by County, at no net cost to the County.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:

In approving the recommended actions, the Board is authorizing the Acting Director, or his designee, to sign Amendments with Accordis, Inc. (Accordis), Great Lakes Billing Services (GLBS), and Grant & Weber (G&W), extending the term of each Agreement 12 additional months, effective July 1, 2006 through June 30, 2007. The extensions will allow the Department of Health Services (Department or DHS) to continue to generate revenue, determine the cost-effectiveness of various contract renewal options, and provide sufficient time to evaluate the need for, and to complete as necessary, the contract solicitation processes.

FISCAL IMPACT/FINANCING:

For Fiscal Year (FY) 2004-05, these contractors (Accordis, GLBS, and G&W) assisted DHS in generating a total of approximately \$87 million in net revenue.

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Los Angeles, CA 90012

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The Honorable Board of Supervisors  
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All three vendors will continue to be paid a percentage contingent fee based on the revenue collected as a direct result of their services. As such, there is no additional net cost to the County.

The costs and revenues related to these Agreements are reflected in the FY 2006-07 Proposed Budget.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

On June 1, 1999, following a competitive bid process, the Board approved the agreement with Accordis (formerly known as Health Management Systems) for the provision of an electronic billing system which provides a more efficient and speedy method of processing and providing Commercial Insurance Billing Services, Medi-Cal Billing and Follow-up Services, Financial Management and Consulting Services, and Secondary Third-Party Resource Identification and Recovery Services at County hospitals, health centers, and comprehensive health centers. In subsequent years, other amendments were processed to update contract language and make various other changes.

On February 11, 2003, the Board approved the agreement with GLBS for the provision of Out-of-State Billing Services (OSMBS) at County hospitals, health centers, and comprehensive health centers. OSMBS provides a detailed analysis of patient accounts for determination of eligibility for Medicaid in the other 49 out of 50 states, Washington, D.C., and the territories. Medicaid eligibility and billing requirements differ from state to state and are highly specialized and technical.

On November 9, 2004, the Board approved the agreement with G&W for the provision of Workers' Compensation Safety Net Services as required at County hospitals, health centers, and comprehensive health centers. G&W pursues recovery of Workers' Compensation after the efforts of the County and its current vendors have been exhausted and the accounts have been closed as uncollectible or there is the potential that the accounts have been under-reimbursed.

Exhibits I, II, and III have been approved as to form by County Counsel.

CONTRACTING PROCESS:

Not applicable. It is not appropriate to advertise amendments on the Los Angeles (L.A.) County Online Web Site as a contract/business opportunity.

IMPACT ON CURRENT SERVICES (OR PROJECTS):

Approval of the recommendation ensures that the financial management services currently provided by Accordis, GLBS, and G&W will continue uninterrupted through June 30, 2007. Failure to secure the recommended amendments could result in losses of forecasted revenue negatively impacting DHS' budget.

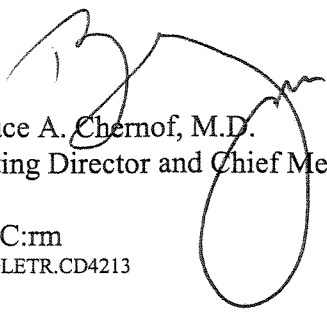
The Honorable Board of Supervisors

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When approved, this Department requires three signed copies of the Board's action.

Respectfully submitted,



Bruce A. Chernof, M.D.  
Acting Director and Chief Medical Officer

BAC:rm  
BRDLETR.CD4213

Attachments

c: Auditor-Controller  
Chief Administrative Officer  
County Counsel  
Executive Officer, Board of Supervisors

**SUMMARY OF AGREEMENT**

1. TYPE OF SERVICE:

Financial management and consulting services agreements.

2. AGENCY ADDRESS AND CONTACT PERSONS :

Accordis, Inc.  
401 Park Avenue South, 10th floor  
New York, New York 10016  
Attention: Robert M. Holster, President  
Telephone: (213) 387-6181

Great Lakes Billing Services  
322 South Green Street, Suite 402  
Chicago, IL 60607  
Attention: James A. Knepper  
Telephone: (800) 544-3458

Grant & Weber  
26575 W. Agoura Road  
Calabasas, CA 91302  
Attention: Dave B. Weinerman, Vice President  
Telephone: (818) 871-7944

3. TERM:

Effective July 1, 2006 through June 30, 2007.

4. FINANCIAL INFORMATION:

For Fiscal Year 2004-05, these contractors (Accordis, GLBS, and G&W) assisted DHS in generating a total of \$87 million in net revenue. All three vendors will continue to be paid a percentage contingent fee based on the revenue collected as a direct result of their services. As such, there is no impact on net County cost.

5. GEOGRAPHIC AREAS SERVED:

Countywide.

6. ACCOUNTABLE FOR MONITORING:

Patricia Adams, Chief, Revenue Management, Department of Health Services

7. APPROVALS:

Director of Finance: Gary W. Wells

Contracts and Grants Division: Cara O'Neill, Chief

County Counsel (approval as to form): Robert E. Ragland, Senior County Counsel

EXHIBIT I

Contract No. H210553

FINANCIAL MANAGEMENT SERVICES AGREEMENT

AMENDMENT NO. 5

THIS AMENDMENT is made and entered into this \_\_\_\_\_ day  
of \_\_\_\_\_, 2006,

by and between	COUNTY OF LOS ANGELES (hereafter "County"),
and	ACCORDIS, INC. (hereafter "Accordis")

WHEREAS, reference is made to that certain document entitled  
"FINANCIAL MANAGEMENT SERVICES AGREEMENT" dated June 1, 1999, and  
further identified as County Agreement, No. H-210553, and any  
amendments thereto, (all hereafter "Agreement"; and

WHEREAS, it is the intent of the parties hereto to amend  
Agreement to extend its term for an additional twelve (12)  
months, to finalize negotiation of contract terms, and make other  
hereafter described changes; and

WHEREAS, said Agreement provides that changes may be made in  
the form of a written amendment which is formally approved and  
executed by the parties.

NOW, THEREFORE, the parties hereto agree as follows:

1. This Amendment shall be effective July 1, 2006.

2. Paragraph 1, Term, Subparagraph A, shall be replaced in its entirety to now read as follows:

"1. TERM:

A. The term of this Agreement shall commence June 1, 1999 and shall continue in full force and effect to midnight June 30, 2007. This Agreement, and the particular services specified within the Agreement, may be canceled or terminated at any time by County with or without cause upon the giving of thirty (30) calendar days prior written notice to Contractor."

3. Paragraph 14, PROHIBITION AGAINST ASSIGNMENT AND DELEGATION, shall be replaced in its entirety to now read as follows:

"14. ASSIGNMENT AND DELEGATION:

A. Contractor shall not assign its rights or delegate its duties under this Agreement, or both, either in whole or in part, without the prior written consent of County, in its discretion, attempted and any assignment or delegation which does not have such prior County consent shall be null and void. For purposes of this subparagraph, County consent shall require a

written amendment to this Agreement which is formally approved and executed by the parties. Any payments by County to any approved assignee or delegate on any claim under this Agreement, shall deductible, at County's sole discretion, against the claims, which the Contractor may have against County.

B. Shareholders, partners, members, or other equity holders of Agreement may transfer, sale, exchange, assign, or divest themselves of any interest they may have therein. However, in the event any such transfer, sale, exchange, assignment, or divestment is effected in such a way as to give majority control of Contractor to any person(s), corporation, partnership, or legal entity other than the majority controlling interest therein at the time of execution of this Agreement, such disposition is an assignment requiring the prior written consent of County in accordance with applicable provisions of this Agreement.

C. If any assumption, assignment, delegation, or takeover of any of the Contractor's duties, responsibilities, obligations, or performance of same by any entity other than the Contractor, whether through assignment, delegation, subcontract, merger, buyout, or

any other mechanism, with or without consideration for any reason whatsoever without County's express prior written approval, shall be a material breach of this Agreement which may result in the termination of this Agreement. In the event of such termination, County shall be entitled to pursue the same remedies against Contractor as it could pursue in the event of default by Contractor."

4. Paragraph 44, GENERAL INSURANCE REQUIREMENTS, shall be replaced in its entirety to now read as follows:

"44. GENERAL INSURANCE REQUIREMENTS: Without limiting Contractor's indemnification of County and during the term of this Agreement, Contractor shall provide and maintain, and shall require all of its subcontractors to maintain, the following programs of insurance specified in this Agreement. Such insurance shall be primary to and not contributing with any other insurance or self-insurance programs maintained by County, and such coverage shall be provided and maintained at Contractor's own expense. In any event, Contractor may satisfy the insurance coverage requirements specified in this Agreement by providing evidence of Contractor's self-insurance program, as described hereinbelow. Such evidence shall be provided in a formal declaration (on Contractor's



letterhead, if available) that declares Contractor is self-insured for the type and amount of coverage as described in Paragraph G, Insurance Coverage Requirements, hereinbelow. Contractor's declaration may be in the form of a corporate resolution or a certified statement from a corporate officer or an authorized principal of Contractor. The statement also must identify which required coverages are self-insured and which are commercially insured. Contractors who are self-insured for workers compensation must provide a copy of their "Certificate of Consent to Self-Insure" issued by the State in which services will be provided. Further, Contractor's self-insurance program must be reviewed and approved by County's Risk Manager prior to the effective date of this Agreement.

A. Evidence of Insurance: Certificate(s) or other evidence of coverage satisfactory to County shall be delivered to Director at the: DHS, Contracts and Grants Division, 313 North Figueroa Street, 6th Floor-East, Los Angeles, California 90012-2659, and to DHS, Revenue Management, 313 North Figueroa Street, Room 527, Los Angeles, California 90012-2659, prior to commencing services under this Agreement. Such certificates or other evidence shall:

- (1) Specifically identify this Agreement.
- (2) Clearly evidence all coverages required in this Agreement.
- (3) Contain the express condition that County is to be given written notice by mail at least thirty (30) calendar days in advance of cancellation for all policies evidenced on the certificate of insurance.
- (4) Include copies of the additional insured endorsement to the commercial general liability policy, adding County of Los Angeles, its Special Districts, its officials, officers, and employees as insured for all activities arising from this Agreement.
- (5) Identify any deductibles or self-insured retentions for County's approval. County retains the right to require Contractor to reduce or eliminate such deductibles or self-insured retentions as they apply to County, or, require Contractor to provide a bond guaranteeing payment of all such retained losses and related costs, including, but not limited to, expenses or fees, or both, related to investigations, claims administrations, and legal defense. Such bond shall be executed by a corporate surety licensed to transact business in the State of California.

B. Insurer Financial Ratings: Insurance is to be provided by an insurance company acceptable to County with an A.M. Best rating of not less than A:VII, unless otherwise approved by County.

C. Failure to Maintain Coverage: Failure by Contractor to maintain the required insurance, or to provide evidence of insurance coverage acceptable to County, shall constitute a material breach of contract upon which County may immediately terminate or suspend this Agreement. County, at its sole option, may obtain damages from Contractor resulting from said breach. Alternatively, County may purchase such required insurance coverage, and without further notice to Contractor, County may deduct from sums due to Contractor any premium costs advanced by County for such insurance.

D. Notification of Incidents, Claims, or Suits: Contractor shall report to County:

(1) Any accident or incident relating to services performed under this Agreement which involves injury or property damage which may result in the filing of a claim or lawsuit against Contractor and/or County. Such report shall be made in writing within twenty-four (24) hours of occurrence.

(2) Any third party claim or lawsuit filed against Contractor arising from or related to services performed by Contractor under this Agreement.

(3) Any injury to a Contractor employee which occurs on County property. This report shall be submitted on a County "Non-Employee Injury Report" to County contract manager.

(4) Any loss, disappearance, destruction, misuse, or theft of any kind whatsoever of County property, monies, or securities entrusted to Contractor under the terms of this Agreement.

E. Compensation for County Costs: In the event that Contractor fails to comply with any of the indemnification or insurance requirements of this Agreement, and such failure to comply results in any costs to County, Contractor shall pay full compensation for all costs incurred by County.

F. Insurance Coverage Requirements for Subcontractors: Contractor shall ensure any and all subcontractors performing services under this Agreement meet the insurance requirements of this Agreement by either:

(1) Contractor providing evidence of insurance covering the activities of subcontractors, or

(2) Contractor providing evidence submitted by subcontractors evidencing that subcontractors maintain the required insurance coverage. County retains the right to obtain copies of evidence of subcontractor insurance coverage at any time.

G. INSURANCE COVERAGE REQUIREMENTS:

(1) General Liability Insurance (written on Insurance Services Office ["ISO"] policy form "CG 00 01" or its equivalent) with limits of not less than the following:

General Aggregate:	\$2 Million
Products/Completed Operations Aggregate:	\$1 Million
Personal and Advertising Injury:	\$1 Million
Each Occurrence:	\$1 Million

(2) Automobile Liability Insurance (written on ISO policy form "CA 00 01" or its equivalent) with a limit of liability of not less than \$1 Million for each accident. Such insurance shall include coverage for all "owned", "hired" and "non-owned" vehicles, or coverage for "any auto".

(3) Workers' Compensation and Employers' Liability insurance providing workers' compensation benefits, as required by the Labor Code of the State of California

or by any other state, and for which Contractor is responsible.

In all cases, the above insurance also shall include Employers' Liability coverage with limits of not less than the following:

Each Accident:	\$1 Million
Disease - Policy Limit:	\$1 Million
Disease - Each Employee:	\$1 Million

(4) Professional Liability Insurance covering liability arising from error, omission, negligent or wrongful act of Contractor, its officers or employees with limits of not less than \$1 Million per occurrence and \$3 Million aggregate. The coverage also shall provide an extended two (2) year reporting period commencing upon expiration or earlier termination or cancellation of this Agreement.

(5) Crime Coverage insurance in an amount not less than indicated below covering against loss of money, securities, or other property referred to in this Agreement, and naming the County as loss payer.

Employee Dishonesty:	\$1 Million
Forgery or alterations:	\$1 Million
Theft, Disappearance and Destruction:	\$1 Million"

5. Paragraph 49, CONTRACTOR RESPONSIBILITY AND DEBARMENT, shall be replaced in it entirely to now read as follows:

"49. CONTRACTOR RESPONSIBILITY AND DEBARMENT:

A. A responsible contractor is a contractor who has demonstrated the attribute of trustworthiness, as well as quality, fitness, capacity, and experience to satisfactorily perform the contract. It is County's policy to conduct business only with responsible contractors.

B. Contractor is hereby notified that, in accordance with Chapter 2.202 of the County Code, if County acquires information concerning the performance of Contractor under this Agreement, or other contracts, which indicates that Contractor is not responsible, County may or otherwise in addition to other remedies provided under this Agreement, debar Contractor from bidding or proposing on, or being awarded and/or performing work on, County contracts for a specified period of time, which generally will not exceed five (5) years, but may exceed five (5) years, or be permanent if warranted by the circumstances, and terminate this Agreement and any or all existing contracts Contractor may have with County.

C. County may debar Contractor if County's Board of Supervisors finds, in its discretion, that Contractor has done any of the following: (1) violated any term of this Agreement or other contract with County, or a non-profit corporation created by County, (2) committed any act or omission which negatively reflects on Contractor's quality, fitness, or capacity to perform a contract with County, any public entity, or a non-profit corporation created by County, or engaged in a pattern or practice which negatively reflects on same, (3) committed an act or offense which indicates a lack of business integrity or business honesty, or (4) made or submitted a false claim against County or any other public entity.

D. If there is evidence that Contractor may be subject to debarment, Director will notify Contractor in writing of the evidence which is the basis for the proposed debarment and will advise Contractor of the scheduled date for a debarment hearing before County's Contractor Hearing Board.

E. County's Contractor Hearing Board will conduct a hearing where evidence on proposed debarment is presented. Contractor and/or Contractor's



representative shall be given an opportunity to submit evidence at that hearing. After the hearing, County's Contractor Hearing Board shall prepare a proposed decision, which shall contain a recommendation regarding whether Contractor should be debarred, and if so, the appropriate length of time of the debarment. Contractor and Director shall be provided an opportunity to object to the proposed decision prior to its presentation to County's Board of Supervisors.

F. After consideration of any objections, or if no objections are submitted, a record of the hearing, the proposed decision, and any other recommendation of County's Contractor Hearing Board shall be presented to County's Board of Supervisors. County's Board of Supervisors shall have the right at its sole discretion to modify, deny, or adopt the proposed decision and recommendation of County's Contractor Hearing Board.

G. If a Contractor has been debarred for a period longer than five (5) years, that Contractor may after the debarment has been in effect for at least five (5) years, submit a written request for review of the debarment determination to reduce the period of debarment or terminate the debarment. County may, in

its discretion, reduce the period of debarment or terminate the debarment if it finds that Contractor has adequately demonstrated one or more of the following:

(1) elimination of the grounds for which the debarment was imposed, (2) a bona fide change in ownership or management, (3) material, or (4) any other reason that is in the best interest of County.

H. County's Contractor hearing Board will consider a request for review of a debarment determination only where (1) Contractor has been debarred for a period longer than five (5) years, (2) the debarment has been in effect for at least five (5) years, and (3) the request is in writing, states one or more of the grounds for reduction of the debarment, and includes supporting documentation. Upon receiving as appropriate request, County's Contractor Hearing Board will provide notice of the hearing on the request. At the hearing, County's Contractor Hearing Board shall conduct a hearing where evidence on the proposed reduction of debarment period or termination of debarment is presented. This hearing shall be conducted and the request for review decided by

County's Contractor Hearing Board pursuant to the same procedures as for a debarment hearing.

County's Contractor Hearing Board's proposed decision shall contain a recommendation on the request to reduce the period of debarment or terminate the debarment. County's Contractor Hearing Board shall present its proposed decision and recommendation to the Board of Supervisors. The Board of Supervisors shall have the right to modify, deny, or adopt the proposed decision and recommendation of the County's Contractor Hearing Board.

I. These terms shall also apply to any subcontractors/ consultants of County contractors."

6. Paragraph 70, CONTRACTOR'S OBLIGATIONS AS A BUSINESS ASSOCIATE UNDER THE HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT OF 1996 ("HIPAA") shall be replaced in its entirety to now read as follows:

"70. CONTRACTOR'S OBLIGATIONS AS A BUSINESS ASSOCIATE UNDER THE HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT OF 1996 ("HIPAA"): Under this Agreement, Contractor (also known herein as "Business Associate") provides services ("Services") to County (also known herein as "Covered Entity") in which Business Associate receives, has access to, or creates, Protected Health

Information and/or Electronic Protected Health Information in order to provide those Services. Covered Entity is subject to the Administrative Simplification requirements of the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), and regulations promulgated thereunder, including the Standards for Privacy of Individually Identifiable Health Information ("Privacy Regulations") and the Health Insurance Reform: Security Standards ("Security Regulations") at 45 Code of Federal Regulations Parts 160 and 164 (together, the "Privacy and Security Regulations").

Privacy and Security Regulations require Covered Entity to enter into a contract with Business Associate in order to mandate certain protections for the privacy and security of Protected Health Information, and those Privacy and Security Regulations prohibit the disclosure to or use of Protected Health Information by Business Associate if such a contract is not in place.

Therefore, the parties agree to the following:

A. DEFINITIONS:

(1) "Disclose" and "Disclosure" means, with respect to Protected Health Information, the release, transfer, provision of access to, or divulging in any other manner Protected Health Information which is outside of Business

Associate's internal operations or to other than its employees.

(2) "Electronic Media" has the same meaning as the term "electronic media" in 45 C.F.R. § 160.103. Further, Electronic Media means: (a) Electronic storage media including memory devices in computers (hard drives) and any removable/transportable digital memory medium, such as magnetic tape or disk, optical disk, or digital memory card; or (b) Transmission media used to exchange information already in electronic storage media. Transmission media includes, for example, the internet (wide-open), extranet (using internet technology to link a business with information accessible only to collaborating parties), leased lines, dial-up lines, private networks, and the physical movement of removable/transportable electronic storage media. Certain transmissions, including of paper, via facsimile ("FAX"), and of voice, via telephone, are not considered to be transmissions via electronic media, because the information being exchanged did not exist in electronic form before the transmission. The term "electronic media" draws no distinction between internal and external data, at rest (that is, in storage), as well as, during transmission.

(3) "Electronic Protected Health Information" has the

same meaning as the term "electronic protected health information" in 45 C.F.R. § 160.103. Further, Electronic Protected Health Information means protected health information that is: (a) transmitted by electronic media, and (b) maintained in electronic media.

(4) "Individual" means the person who is the subject of Protected Health Information and shall include a person who qualifies as a personal representative in accordance with 45 C.F.R. § 164.502(g).

(5) "Protected Health Information" has the same meaning as the term "protected health information" in 45 C.F.R. § 164.501, limited to the information created or received by Business Associate from or on behalf of Covered Entity. Protected Health Information includes information that; (a) relates to the past, present, or future, physical or mental health, or condition of an Individual; the provision of health care to an Individual, or the past, present, or future, payment for the provision of health care to an Individual; (b) identifies the Individual (or for which there is a reasonable basis for believing that the information can be used to identify the Individual); and (c) is received by Business Associate from or on behalf of Covered Entity, or is created by Business Associate, or is

made accessible to Business Associate by Covered Entity.

"Protected Health Information" includes Electronic Health Information.

(6) "Required By Law" means a mandate contained in law that compels an entity to make a Use or Disclosure of Protected Health Information and that is enforceable in a court of law. Required by law includes, but is not limited to, court orders and court ordered warrants; subpoenas or summons issued by a court, a grand jury, a governmental or tribal inspector general, or any administrative body authorized to require the production of information; a civil or an authorized investigative demand; Medicare conditions of participation with respect to health care providers participating in the program; and statutes or regulations that require the production of information, including statutes or regulations that require such information if payment is sought under a government program providing benefits.

(7) "Security Incident" means the attempted or successful unauthorized access, Use, Disclosure, modification, or destruction of information in, or interference with system operations of, an Information System which contains Electronic Protected Health

Information. However, Security Incident does not include attempts to access an Information System when those attempts are not reasonably considered by Business Associate to constitute an actual threat to the Information System.

(8) "Services" has the same meaning as used in the body of this Agreement.

(9) "Use" or "Uses" means, with respect to Protected Health Information, the analysis, application, employment, examination, sharing, or utilization of such information within Business Associate's internal operations.

(10) Terms used, but not otherwise defined, in this Paragraph shall have the same meaning as those terms in the HIPAA Regulations.

B. OBLIGATIONS OF BUSINESS ASSOCIATE:

(1) Permitted Uses and Disclosures of Protected Health Information: Business Associate:

a. Shall Use and Disclose Protected Health Information as necessary to perform the Services, and as provided in this Paragraph's Sections, B.(3), B.(4), B.(5), B.(6), B.(7), B.(8), Subparagraph, D.(3), and Subparagraph, E.(2) of this Agreement;

b. Shall Disclose Protected Health Information to Covered Entity upon request;



c. May, as necessary for the proper management and administration of its business or to carry out its legal responsibilities:

1) Use Protected Health Information; and

2) Disclose Protected Health Information if the Disclosure is Required By Law.

Business Associate shall not Use or Disclose Protected Health Information for any other purpose.

(2) Adequate Safeguards for Protected Health

Information: Business Associate:

a. Shall implement and maintain appropriate safeguards to prevent the Use or Disclosure of Protected Health Information in any manner other than as permitted by this Paragraph. Business Associate agrees to limit the Use and Disclosure of Protected Health Information to the minimum necessary in accordance with the Privacy Regulation's minimum necessary standard.

b. Effective as of April 20, 2005, specifically as to Electronic Health Information, shall implement and maintain administrative, physical, and technical safeguards that reasonably and appropriately protect

the confidentiality, integrity, and availability of Electronic Protected Health Information.

(3) Reporting Non-Permitted Use or Disclosure and Security Incidents: Business Associate shall report to Covered Entity each Use or Disclosure that is made by Business Associate, its officers, employees, agents, representatives, or subcontractors, but is not specifically permitted by this Agreement, as well as, effective April 20, 2005, each Security Incident of which Business Associate becomes aware. The initial report shall be made by telephone call to Covered Entity's Departmental Privacy Officer at 1-(800) 711-5366 within forty-eight (48) hours from the time the Business Associate becomes aware of the non-permitted Use, Disclosure, or Security Incident, followed by a full written report no later than ten (10) business days from the date the Business Associate becomes aware of the non-permitted Use, Disclosure, or Security Incident to the Covered Entity's Chief Privacy Officer, at: Chief Privacy Officer, Kenneth Hahn Hall of Administration, 500 West Temple Street, Suite 525, Los Angeles, California 90012.

(4) Mitigation of Harmful Effect: Business Associate agrees to mitigate, to the extent practicable, any harmful

effect that is known to Business Associate of a Use or Disclosure of Protected Health Information by Business Associate in violation of the requirements of this Paragraph.

(5) Availability of Internal Practices, Books and Records to Government Agencies: Business Associate agrees to make its internal practices, books, and records, relating to the Use and Disclosure of Protected Health Information, available to the Secretary of the federal Department of Health and Human Services ("DHHS") for purposes of determining Covered Entity's compliance with the Privacy and Security Regulations. Business Associate shall immediately notify Covered Entity of any requests made by the Secretary and provide Covered Entity with copies of any documents produced in response to such request.

(6) Access to Protected Health Information: Business Associate shall, to the extent Covered Entity determines that any Protected Health Information constitutes a "designated record set" as defined by 45 C.F.R. § 164.501, make the Protected Health Information, specified by Covered Entity available to the Individual(s) identified by Covered Entity as being entitled to access and copy that Protected Health Information. Business Associate shall provide such

access for inspection of that Protected Health Information within two (2) business days after receipt of request from Covered Entity. Business Associate shall provide copies of that Protected Health Information within five (5) business days after receipt of request from Covered Entity.

(7) Amendment of Protected Health Information:

Business Associate shall, to the extent Covered Entity determines that any Protected Health Information constitutes a "designated record set" as defined by 45 C.F.R. § 164.501, make any amendments to Protected Health Information that are requested by Covered Entity. Business Associate shall make such amendment within ten (10) business days after receipt of request from Covered Entity in order for Covered Entity to meet the requirements under 45 C.F.R. § 164.526.

(8) Accounting of Disclosures: Upon Covered Entity's request, Business Associate shall provide to Covered Entity an accounting of each Disclosure of Protected Health Information made by Business Associate or its officers, employees, agents, representatives, or subcontractors. However, Business Associate is not required to provide an accounting of Disclosures that are necessary to perform the Services because such Disclosures are for either payment or health care operations purposes, or both.

Any accounting provided by Business Associate under this Subparagraph B.(8) shall include: (a) the date of the Disclosure; (b) the name, and address if known, of the entity or person who received the Protected Health Information; © a brief description of the Protected Health Information disclosed; and (d) a brief statement of the purpose of the Disclosure. For each Disclosure that could require an accounting under this Subparagraph B.(8), Business Associate shall document the information specified in (a) through (d), above, and shall securely maintain the information for six (6) years from the date of the Disclosure. Business Associate shall provide to Covered Entity, within ten (10) business days after receipt of request from Covered Entity, information collected in accordance with this Subparagraph B.(8) to permit Covered Entity to respond to a request by an Individual for an accounting of disclosures of Protected Health Information in accordance with 45 C.F.R. § 164.528.

C. OBLIGATION OF COVERED ENTITY: Covered Entity shall notify Business Associate of any current or future restrictions or limitations on the use of Protected Health Information that would affect Business Associate's performance of Services, and

Business Associate shall thereafter restrict or limit its own uses and disclosures accordingly.

D. TERM AND TERMINATION:

(1) Term: The term of this Paragraph, shall be the same as the term of this Agreement. Business Associate's obligations under this Paragraph's subparagraph(s) B.(1) (as modified by Subparagraph D.(2)), B.(3), B.(4), B.(5), B.(6), B.(7), B.(8), Subparagraph D.(3) and Subparagraph E.(2) shall all survive the termination or expiration of this Agreement.

(2) Termination for Cause: In addition to and notwithstanding the termination provisions set forth in this Agreement, upon Covered Entity's knowledge of a material breach by Business Associate, Covered Entity shall either:

a. Provide an opportunity for Business Associate to cure the breach or end the violation and terminate this Agreement if Business Associate does not cure the breach or end the violation within the time specified by Covered Entity;

b. Immediately terminate this Agreement if Business Associate has breached a material term of this Agreement and cure is not possible; or

c. If neither termination nor cure are feasible, Covered Entity shall report the violation to the Secretary of the federal DHHS.

(3) Disposition of Protected Health Information Upon Termination or Expiration:

a. Except as provided in Sub-subparagraph b. of this section, upon termination for any reason or expiration of this Agreement, Business Associate shall return or destroy all Protected Health Information received from Covered Entity or created, or received, by Business Associate on behalf of Covered Entity. This provision shall apply to Protected Health Information that is in the possession of agents, representatives, or subcontractors, of Business Associate. Business Associate shall retain no copies of the Protected Health Information.

b. In the event that Business Associate determines that returning or destroying the Protected Health Information is infeasible, Business Associate shall provide to Covered Entity notification of the conditions that make it infeasible. If return or destruction is infeasible, Business Associate shall extend the protections of this Agreement, to such

Protected Health Information and limit further Uses and Disclosures of such Protected Health Information to those purposes that make the return or destruction infeasible, for so long as Business Associate maintains such Protected Health Information.

E. MISCELLANEOUS:

(1) No Third Party Beneficiaries: Nothing in this Paragraph shall confer upon any person other than the parties and their respective successors or assignees, any rights, remedies, obligations, or liabilities whatsoever.

(2) Use of Agents, Representatives, and/or Subcontractors: Business Associate shall require each of its agents, representatives, and/or subcontractors, that receive Protected Health Information from Business Associate, or create Protected Health Information for Business Associate, on behalf of Covered Entity, to execute a written agreement obligating the agent, representative, and/or subcontractor to comply with all the terms of this Paragraph.

(3) Relationship to Services Agreement Provisions: In the event that a provision of this Paragraph is contrary to another provision of this Agreement, the provision of this Paragraph shall control. Otherwise, this Paragraph shall be



construed under, and in accordance with, the terms of this Agreement.

(4) Regulatory References: A reference in this Paragraph to a section in the Privacy and Security Regulations means the section as currently in effect, or may hereafter be amended.

(5) Interpretation: Any ambiguity in this Paragraph shall be resolved in favor of a meaning that permits Covered Entity to comply with the Privacy Regulations.

(6) Amendment: The parties agree to take such action as is necessary to amend this Paragraph from time to time as is necessary for Covered Entity to comply with the requirements of the Privacy and Security Regulations."

7. Except for the changes set forth hereinabove, Agreement shall not be changed in any respect by this Amendment.

IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be subscribed by its

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Director of Health Services, and Contractor has caused this Amendment to be subscribed in its behalf by its duly authorized officer, the day, month, and year first above written.

COUNTY OF LOS ANGELES

By \_\_\_\_\_  
Bruce A. Chernof, M.D.,  
Acting Director and Chief  
Medical Officer

ACCORDIS, INC.  
Contractor

By \_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

Title \_\_\_\_\_  
(AFFIX CORPORATE SEAL HERE)

APPROVED AS TO FORM  
BY THE OFFICE OF THE COUNTY COUNSEL  
Raymond G. Fortner, Jr.  
County Counsel

By \_\_\_\_\_

APPROVED AS TO CONTRACT  
ADMINISTRATION:

Department of Health Services

By \_\_\_\_\_  
Cara O'Neill, Chief  
Contract and Grants Division

03/26/06  
AMEND4214.RM

EXHIBIT II

Contract No. H-300049

OUT-OF-STATE MEDICAID BILLING SERVICES AGREEMENT

AMENDMENT NO. 1

THIS AMENDMENT is made and entered into this \_\_\_\_\_ day  
of \_\_\_\_\_, 2006,

by and between                      COUNTY OF LOS ANGELES (hereafter  
   "County"),  
  
and                                      GREAT LAKES BILLING SERVICES  
   (hereafter "Contractor").

WHEREAS, reference is made to that certain document entitled  
"OUT-OF-STATE MEDICAID BILLING SERVICES", dated February 11,  
2003, and further identified as County Agreement No. H-300049,  
and any amendments thereto, (all hereafter "Agreement"); and

WHEREAS, it is the intent of the parties hereto to amend  
Agreement to extend its term for an additional twelve (12)  
months, and make other hereafter described changes; and

WHEREAS, said Agreement provides that changes may be made in  
the form of a written amendment which is formally approved and  
executed by the parties.

NOW, THEREFORE, the parties hereto agree as follows:

1. This Amendment shall be effective July 1, 2006.

2. Paragraph 1, TERM, Subparagraph A, shall be replaced in its entirety to now read as follows:

"1. TERM:

A. The term of this Agreement shall commence February 11, 2003 and shall continue in full force and effect to midnight June 30, 2007. This Agreement, and the particular services specified within the Agreement, may be canceled or terminated at any time by County with or without cause upon the giving of thirty (30) calendar days prior written notice to Contractor."

3. Paragraph 14, PROHIBITION AGAINST ASSIGNMENT AND DELEGATION, shall be replaced in its entirety to now read as follows:

"14. ASSIGNMENT AND DELEGATION:

A. Contractor shall not assign its rights or delegate its duties under this Agreement, or both, either in whole or in part, without the prior written consent of County, in its discretion, attempted and any assignment or delegation which does not have such prior County consent shall be null and void. For purposes of this subparagraph, County consent shall require a written amendment to this Agreement which is formally approved and executed by the parties. Any payments by

County to any approved assignee or delegate on any claim under this Agreement, shall deductible, at County's sole discretion, against the claims, which the Contractor may have against County.

B. Shareholders, partners, members, or other equity holders of Agreement may transfer, sale, exchange, assign, or divest themselves of any interest they may have therein. However, in the event any such sale, transfer, sale, exchange, assignment, or divestment is effected in such a way as to give majority control of Contractor to any person(s), corporation, partnership, or legal entity other than the majority controlling interest therein at the time of execution of this Agreement, such disposition is an assignment requiring the prior written consent of County in accordance with applicable provisions of this Agreement.

C. If any assumption, assignment, delegation, or takeover of any of the Contractor's duties, responsibilities, obligations, or performance of same by any entity other than the Contractor, whether through assignment, delegation, subcontract, merger, buyout, or any other mechanism, with or without consideration for any reason whatsoever without County's express prior

written approval, shall be a material breach of this Agreement which may result in the termination of this Agreement. In the event of such termination, County shall be entitled to pursue the same remedies against Contractor as it could pursue in the event of default by Contractor."

4. Paragraph 25, GENERAL INSURANCE REQUIREMENTS, shall be replaced in its entirety to now read as follows:

"25. GENERAL INSURANCE REQUIREMENTS: Without limiting Contractor's indemnification of County and during the term of this Agreement, Contractor shall provide and maintain, and shall require all of its subcontractors to maintain, the following programs of insurance specified in this Agreement. Such insurance shall be primary to and not contributing with any other insurance or self-insurance programs maintained by County, and such coverage shall be provided and maintained at Contractor's own expense. In any event, Contractor may satisfy the insurance coverage requirements specified in this Agreement by providing evidence of Contractor's self-insurance program, as described hereinbelow. Such evidence shall be provided in a formal declaration (on Contractor's letterhead, if available) that declares

Contractor is self-insured for the type and amount of coverage as described in Paragraph G, Insurance Coverage Requirements, hereinbelow. Contractor's declaration may be in the form of a corporate resolution or a certified statement from a corporate officer or an authorized principal of Contractor. The statement also must identify which required coverages are self-insured and which are commercially insured. Contractors who are self-insured for workers compensation must provide a copy of their "Certificate of Consent to Self-Insure" issued by the State in which services will be provided. Further, Contractor's self-insurance program must be reviewed and approved by County's Risk Manager prior to the effective date of this Agreement.

A. Evidence of Insurance: Certificate(s) or other evidence of coverage satisfactory to County shall be delivered to Director at the: DHS, Contracts and Grants Division, 313 North Figueroa Street, 6th Floor-East, Los Angeles, California 90012-2659, and to DHS, Revenue Management, 313 North Figueroa Street, Room 527, Los Angeles, California 90012-2659, prior to commencing services under this Agreement. Such certificates or other evidence shall:

- (1) Specifically identify this Agreement.
- (2) Clearly evidence all coverages required in this Agreement.
- (3) Contain the express condition that County is to be given written notice by mail at least thirty (30) calendar days in advance of cancellation for all policies evidenced on the certificate of insurance.
- (4) Include copies of the additional insured endorsement to the commercial general liability policy, adding County of Los Angeles, its Special Districts, its officials, officers, and employees as insured for all activities arising from this Agreement.
- (5) Identify any deductibles or self-insured retentions for County's approval. County retains the right to require Contractor to reduce or eliminate such deductibles or self-insured retentions as they apply to County, or, require Contractor to provide a bond guaranteeing payment of all such retained losses and related costs, including, but not limited to, expenses or fees, or both, related to investigations, claims



administrations, and legal defense. Such bond shall be executed by a corporate surety licensed to transact business in the State of California.

B. Insurer Financial Ratings: Insurance is to be provided by an insurance company acceptable to County with an A.M. Best rating of not less than A:VII, unless otherwise approved by County.

C. Failure to Maintain Coverage: Failure by Contractor to maintain the required insurance, or to provide evidence of insurance coverage acceptable to County, shall constitute a material breach of contract upon which County may immediately terminate or suspend this Agreement. County, at its sole option, may obtain damages from Contractor resulting from said breach. Alternatively, County may purchase such required insurance coverage, and without further notice to Contractor, County may deduct from sums due to Contractor any premium costs advanced by County for such insurance.

D. Notification of Incidents, Claims, or Suits: Contractor shall report to County:

(1) Any accident or incident relating to services performed under this Agreement which

involves injury or property damage which may result in the filing of a claim or lawsuit against Contractor and/or County. Such report shall be made in writing within twenty-four (24) hours of occurrence.

(2) Any third party claim or lawsuit filed against Contractor arising from or related to services performed by Contractor under this Agreement.

(3) Any injury to a Contractor employee which occurs on County property. This report shall be submitted on a County "Non-Employee Injury Report" to County contract manager.

(4) Any loss, disappearance, destruction, misuse, or theft of any kind whatsoever of County property, monies, or securities entrusted to Contractor under the terms of this Agreement.

E. Compensation for County Costs: In the event that Contractor fails to comply with any of the indemnification or insurance requirements of this Agreement, and such failure to comply results in any costs to County, Contractor shall pay full compensation for all costs incurred by County.

F. Insurance Coverage Requirements for Subcontractors: Contractor shall ensure any and all subcontractors performing services under this Agreement meet the insurance requirements of this Agreement by either:

(1) Contractor providing evidence of insurance covering the activities of subcontractors, or

(2) Contractor providing evidence submitted by subcontractors evidencing that subcontractors maintain the required insurance coverage. County retains the right to obtain copies of evidence of subcontractor insurance coverage at any time.

G. INSURANCE COVERAGE REQUIREMENTS:

(1) General Liability Insurance (written on Insurance Services Office ["ISO"] policy form "CG 00 01" or its equivalent) with limits of not less than the following:

General Aggregate:	\$2 Million
Products/Completed Operations Aggregate:	\$1 Million
Personal and Advertising Injury:	\$1 Million
Each Occurrence:	\$1 Million

(2) Automobile Liability Insurance (written on ISO policy form "CA 00 01" or its equivalent) with a limit of liability of not less than \$1 Million for each accident. Such insurance shall include coverage for all "owned", "hired" and "non-owned" vehicles, or coverage for "any auto".

(3) Workers' Compensation and Employers' Liability insurance providing workers' compensation benefits, as required by the Labor Code of the State of California or by any other state, and for which Contractor is responsible.

In all cases, the above insurance also shall include Employers' Liability coverage with limits of not less than the following:

Each Accident:	\$1 Million
Disease - Policy Limit:	\$1 Million
Disease - Each Employee:	\$1 Million

(4) Professional Liability Insurance covering liability arising from error, omission, negligent or wrongful act of Contractor, its officers or employees with limits of not less than \$1 Million per occurrence and \$3 Million aggregate. The coverage also shall provide an extended two (2)

year reporting period commencing upon expiration or earlier termination or cancellation of this Agreement.

(5) Crime Coverage insurance in an amount not less than indicated below covering against loss of money, securities, or other property referred to in this Agreement, and naming County as loss payer.

Employee Dishonesty: \$1 Million

Forgery or alterations: \$1 Million

Theft, Disappearance and  
Destruction: \$1 Million."

5. Paragraph 57, CONTRACTOR RESPONSIBILITY AND DEBARMENT, shall be replaced in its entirety to now read as follows:

"57. CONTRACTOR RESPONSIBILITY AND DEBARMENT:

A. A responsible contractor is a contractor who has demonstrated the attribute of trustworthiness, as well as quality, fitness, capacity, and experience to satisfactorily perform the contract. It is County's policy to conduct business only with responsible contractors.

B. Contractor is hereby notified that, in accordance with Chapter 2.202 of the County Code, if

County acquires information concerning the performance of Contractor under this Agreement, or other contracts, which indicates that Contractor is not responsible, County may or otherwise in addition to other remedies provided under this Agreement, debar Contractor from bidding or proposing on, or being awarded and/or performing work on, County contracts for a specified period of time, which generally will not exceed five (5) years, but may exceed five (5) years, or be permanent if warranted by the circumstances, and terminate this Agreement and any or all existing contracts Contractor may have with County.

C. County may debar Contractor if County's Board of Supervisors finds, in its discretion, that Contractor has done any of the following: (1) violated any term of this Agreement or other contract with County, or a non-profit corporation created by County, (2) committed any act or omission which negatively reflects on Contractor's quality, fitness, or capacity to perform a contract with County, any public entity, or a non-profit corporation created by County, or engaged in a pattern or practice which negatively reflects on same, (3) committed an act or offense which

indicates a lack of business integrity or business honesty, or (4) made or submitted a false claim against County or any other public entity.

D. If there is evidence that Contractor may be subject to debarment, Director will notify Contractor in writing of the evidence which is the basis for the proposed debarment and will advise Contractor of the scheduled date for a debarment hearing before County's Contractor Hearing Board.

E. County's Contractor Hearing Board will conduct a hearing where evidence on proposed debarment is presented. Contractor and/or Contractor's representative shall be given an opportunity to submit evidence at that hearing. After the hearing, County's Contractor Hearing Board shall prepare a proposed decision, which shall contain a recommendation regarding whether Contractor should be debarred, and if so, the appropriate length of time of the debarment. Contractor and Director shall be provided an opportunity to object to the proposed decision prior to its presentation to County's Board of Supervisors.

F. After consideration of any objections, or if no objections are submitted, a record of the hearing,

the proposed decision, and any other recommendation of County's Contractor Hearing Board shall be presented to County's Board of Supervisors. County's Board of Supervisors shall have the right at its sole discretion to modify, deny, or adopt the proposed decision and recommendation of County's Contractor Hearing Board.

G. If a Contractor has been debarred for a period longer than five (5) years, that Contractor may after the debarment has been in effect for at least five (5) years, submit a written request for review of the debarment determination to reduce the period of debarment or terminate the debarment. County may, in its discretion, reduce the period of debarment or terminate the debarment if it finds that Contractor has adequately demonstrated one or more of the following: (1) elimination of the grounds for which the debarment was imposed, (2) a bona fide change in ownership or management, (3) material, or (4) any other reason that is in the best interest of County.

H. County's Contractor hearing Board will consider a request for review of a debarment determination only where (1) Contractor has been debarred for a period longer than five (5) years, (2)



the debarment has been in effect for at least five (5) years, and (3) the request is in writing, states one or more of the grounds for reduction of the debarment, and includes supporting documentation. Upon receiving an appropriate request, County's Contractor Hearing Board will provide notice of the hearing on the request. At the hearing, County's Contractor Hearing Board shall conduct a hearing where evidence on the proposed reduction of debarment period or termination of debarment is presented. This hearing shall be conducted and the request for review decided by County's Contractor Hearing Board pursuant to the same procedures as for a debarment hearing.

County's Contractor Hearing Board's proposed decision shall contain a recommendation on the request to reduce the period of debarment or terminate the debarment. County's Contractor Hearing Board shall present its proposed decision and recommendation to the Board of Supervisors. The Board of Supervisors shall have the right to modify, deny, or adopt the proposed decision and recommendation of the County's Contractor Hearing Board.

I. These terms shall also apply to any subcontractors/consultants of County contractors."

6. Paragraph 59, CONTRACTOR'S OBLIGATIONS AS A BUSINESS ASSOCIATE UNDER THE HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT OF 1996 ("HIPAA"), shall be replaced in its entirety to now to read as follows:

"59. CONTRACTOR'S OBLIGATIONS AS A BUSINESS ASSOCIATE UNDER THE HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT OF 1996 ("HIPAA"): Under this Agreement, Contractor (also known herein as "Business Associate") provides services ("Services") to County (also known herein as "Covered Entity") in which Business Associate receives, has access to, or creates, Protected Health Information and/or Electronic Protected Health Information in order to provide those Services. Covered Entity is subject to the Administrative Simplification requirements of the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), and regulations promulgated thereunder, including the Standards for Privacy of Individually Identifiable Health Information ("Privacy Regulations") and the Health Insurance Reform: Security Standards ("Security Regulations") at 45 Code of Federal Regulations Parts 160 and 164 (together, the "Privacy and Security Regulations").

Privacy and Security Regulations require Covered Entity to enter into a contract with Business Associate in order to mandate certain protections for the privacy and security of Protected Health Information, and those Privacy and Security Regulations prohibit the disclosure to or use of Protected Health Information by Business Associate if such a contract is not in place.

Therefore, the parties agree to the following:

A. DEFINITIONS:

(1) "Disclose" and "Disclosure" means, with respect to Protected Health Information, the release, transfer, provision of access to, or divulging in any other manner Protected Health Information which is outside of Business Associate's internal operations or to other than its employees.

(2) "Electronic Media" has the same meaning as the term "electronic media" in 45 C.F.R. § 160.103.

Further, Electronic Media means: (a) Electronic storage media including memory devices in computers (hard drives) and any removable/transportable digital memory medium, such as magnetic tape or disk, optical disk, or digital memory card; or (b) Transmission media used to exchange information already in electronic storage

media. Transmission media includes, for example, the internet (wide-open), extranet (using internet technology to link a business with information accessible only to collaborating parties), leased lines, dial-up lines, private networks, and the physical movement of removable/transportable electronic storage media. Certain transmissions, including of paper, via facsimile ("FAX"), and of voice, via telephone, are not considered to be transmissions via electronic media, because the information being exchanged did not exist in electronic form before the transmission. The term "electronic media" draws no distinction between internal and external data, at rest (that is, in storage), as well as, during transmission.

(3) "Electronic Protected Health Information" has the same meaning as the term "electronic protected health information" in 45 C.F.R. § 160.103. Further, Electronic Protected Health Information means protected health information that is: (a) transmitted by electronic media, and (b) maintained in electronic media.

(4) "Individual" means the person who is the subject of Protected Health Information and shall

include a person who qualifies as a personal representative in accordance with 45 C.F.R. § 164.502(g).

(5) "Protected Health Information" has the same meaning as the term "protected health information" in 45 C.F.R. § 164.501, limited to the information created or received by Business Associate from or on behalf of Covered Entity. Protected Health Information includes information that; (a) relates to the past, present, or future, physical or mental health, or condition of an Individual; the provision of health care to an Individual, or the past, present, or future, payment for the provision of health care to an Individual; (b) identifies the Individual (or for which there is a reasonable basis for believing that the information can be used to identify the Individual); and (c) is received by Business Associate from or on behalf of Covered Entity, or is created by Business Associate, or is made accessible to Business Associate by Covered Entity. "Protected Health Information" includes Electronic Health Information.

(6) "Required By Law" means a mandate contained in law that compels an entity to make a Use or Disclosure

of Protected Health Information and that is enforceable in a court of law. Required by law includes, but is not limited to, court orders and court ordered warrants; subpoenas or summons issued by a court, a grand jury, a governmental or tribal inspector general, or any administrative body authorized to require the production of information; a civil or an authorized investigative demand; Medicare conditions of participation with respect to health care providers participating in the program; and statutes or regulations that require the production of information, including statutes or regulations that require such information if payment is sought under a government program providing benefits.

(7) "Security Incident" means the attempted or successful unauthorized access, Use, Disclosure, modification, or destruction of information in, or interference with system operations of, an Information System which contains Electronic Protected Health Information. However, Security Incident does not include attempts to access an Information System when those attempts are not reasonably considered by Business Associate to constitute an actual threat to the Information System.

(8) "Services" has the same meaning as used in the body of this Agreement.

(9) "Use" or "Uses" means, with respect to Protected Health Information, the analysis, application, employment, examination, sharing, or utilization of such information within Business Associate's internal operations.

(10) Terms used, but not otherwise defined, in this Paragraph shall have the same meaning as those terms in the HIPAA Regulations.

B. OBLIGATIONS OF BUSINESS ASSOCIATE:

(1) Permitted Uses and Disclosures of Protected Health Information: Business Associate:

a. Shall Use and Disclose Protected Health Information as necessary to perform the Services, and as provided in this Paragraph's Sections, B.(3), B.(4), B.(5), B.(6), B.(7), B.(8), Subparagraph, D.(3), and Subparagraph, E.(2) of this Agreement;

b. Shall Disclose Protected Health Information to Covered Entity upon request;

c. May, as necessary for the proper management and administration of its business or to carry out its legal responsibilities:

- 1) Use Protected Health Information; and
- 2) Disclose Protected Health Information if the Disclosure is Required By Law.

Business Associate shall not Use or Disclose Protected Health Information for any other purpose.

(2) Adequate Safeguards for Protected Health

Information: Business Associate:

a. Shall implement and maintain appropriate safeguards to prevent the Use or Disclosure of Protected Health Information in any manner other than as permitted by this Paragraph. Business Associate agrees to limit the Use and Disclosure of Protected Health Information to the minimum necessary in accordance with the Privacy Regulation's minimum necessary standard.

b. Effective as of April 20, 2005, specifically as to Electronic Health Information, shall implement and maintain administrative, physical, and technical safeguards that



reasonably and appropriately protect the confidentiality, integrity, and availability of Electronic Protected Health Information.

(3) Reporting Non-Permitted Use or Disclosure and Security Incidents: Business Associate shall report to Covered Entity each Use or Disclosure that is made by Business Associate, its officers, employees, agents, representatives, or subcontractors, but is not specifically permitted by this Agreement, as well as, effective April 20, 2005, each Security Incident of which Business Associate becomes aware. The initial report shall be made by telephone call to Covered Entity's Departmental Privacy Officer at 1-(800) 711-5366 within forty-eight (48) hours from the time the Business Associate becomes aware of the non-permitted Use, Disclosure, or Security Incident, followed by a full written report no later than ten (10) business days from the date the Business Associate becomes aware of the non-permitted Use, Disclosure, or Security Incident to the Covered Entity's Chief Privacy Officer, at: Chief Privacy Officer, Kenneth Hahn Hall of Administration, 500 West Temple Street, Suite 525, Los Angeles, California 90012.

(4) Mitigation of Harmful Effect: Business

Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a Use or Disclosure of Protected Health Information by Business Associate in violation of the requirements of this Paragraph.

(5) Availability of Internal Practices, Books and Records to Government Agencies: Business Associate agrees to make its internal practices, books, and records, relating to the Use and Disclosure of Protected Health Information, available to the Secretary of the federal Department of Health and Human Services ("DHHS") for purposes of determining Covered Entity's compliance with the Privacy and Security Regulations. Business Associate shall immediately notify Covered Entity of any requests made by the Secretary and provide Covered Entity with copies of any documents produced in response to such request.

(6) Access to Protected Health Information:

Business Associate shall, to the extent Covered Entity determines that any Protected Health Information constitutes a "designated record set" as defined by 45 C.F.R. § 164.501, make the Protected Health Information,

specified by Covered Entity available to the Individual(s) identified by Covered Entity as being entitled to access and copy that Protected Health Information. Business Associate shall provide such access for inspection of that Protected Health Information within two (2) business days after receipt of request from Covered Entity. Business Associate shall provide copies of that Protected Health Information within five (5) business days after receipt of request from Covered Entity.

(7) Amendment of Protected Health Information:

Business Associate shall, to the extent Covered Entity determines that any Protected Health Information constitutes a "designated record set" as defined by 45 C.F.R. § 164.501, make any amendments to Protected Health Information that are requested by Covered Entity. Business Associate shall make such amendment within ten (10) business days after receipt of request from Covered Entity in order for Covered Entity to meet the requirements under 45 C.F.R. § 164.526.

(8) Accounting of Disclosures: Upon Covered Entity's request, Business Associate shall provide to Covered Entity an accounting of each Disclosure of

Protected Health Information made by Business Associate or its officers, employees, agents, representatives, or subcontractors. However, Business Associate is not required to provide an accounting of Disclosures that are necessary to perform the Services because such Disclosures are for either payment or health care operations purposes, or both.

Any accounting provided by Business Associate under this Subparagraph B.(8) shall include: (a) the date of the Disclosure; (b) the name, and address if known, of the entity or person who received the Protected Health Information; © a brief description of the Protected Health Information disclosed; and (d) a brief statement of the purpose of the Disclosure. For each Disclosure that could require an accounting under this Subparagraph B.(8), Business Associate shall document the information specified in (a) through (d), above, and shall securely maintain the information for six (6) years from the date of the Disclosure. Business Associate shall provide to Covered Entity, within ten (10) business days after receipt of request from Covered Entity, information collected in accordance with this Subparagraph B.(8) to permit Covered Entity to respond to a request by an

Individual for an accounting of disclosures of Protected Health Information in accordance with 45 C.F.R. § 164.528.

C. OBLIGATION OF COVERED ENTITY: Covered Entity shall notify Business Associate of any current or future restrictions or limitations on the use of Protected Health Information that would affect Business Associate's performance of Services, and Business Associate shall thereafter restrict or limit its own uses and disclosures accordingly.

D. TERM AND TERMINATION:

(1) Term: The term of this Paragraph, shall be the same as the term of this Agreement. Business Associate's obligations under this Paragraph's subparagraph(s) B.(1) (as modified by Subparagraph D.(2)), B.(3), B.(4), B.(5), B.(6), B.(7), B.(8), Subparagraph D.(3) and Subparagraph E.(2) shall all survive the termination or expiration of this Agreement.

(2) Termination for Cause: In addition to and notwithstanding the termination provisions set forth in this Agreement, upon Covered Entity's knowledge of a material breach by Business Associate, Covered Entity shall either:

a. Provide an opportunity for Business Associate to cure the breach or end the violation and terminate this Agreement if Business Associate does not cure the breach or end the violation within the time specified by Covered Entity;

b. Immediately terminate this Agreement if Business Associate has breached a material term of this Agreement and cure is not possible; or

c. If neither termination nor cure are feasible, Covered Entity shall report the violation to the Secretary of the federal DHHS.

(3) Disposition of Protected Health Information

Upon Termination or Expiration:

a. Except as provided in Sub-subparagraph b. of this section, upon termination for any reason or expiration of this Agreement, Business Associate shall return or destroy all Protected Health Information received from Covered Entity or created, or received, by Business Associate on behalf of Covered Entity. This provision shall apply to Protected Health Information that is in the possession of agents, representatives, or

subcon-tractors, of Business Associate. Business Associate shall retain no copies of the Protected Health Information.

b. In the event that Business Associate determines that returning or destroying the Protected Health Information is infeasible, Business Associate shall provide to Covered Entity notification of the conditions that make it infeasible. If return or destruction is infeasible, Business Associate shall extend the protections of this Agreement, to such Protected Health Information and limit further Uses and Disclosures of such Protected Health Information to those purposes that make the return or destruction infeasible, for so long as Business Associate maintains such Protected Health Information.

E. MISCELLANEOUS:

(1) No Third Party Beneficiaries: Nothing in this Paragraph shall confer upon any person other than the parties and their respective successors or assignees, any rights, remedies, obligations, or liabilities whatsoever.

(2) Use of Agents, Representatives, and/or Subcontractors: Business Associate shall require each of its agents, representatives, and/or subcontractors, that receive Protected Health Information from Business Associate, or create Protected Health Information for Business Associate, on behalf of Covered Entity, to execute a written agreement obligating the agent, representative, and/or subcontractor to comply with all the terms of this Paragraph.

(3) Relationship to Services Agreement Provisions: In the event that a provision of this Paragraph is contrary to another provision of this Agreement, the provision of this Paragraph shall control. Otherwise, this Paragraph shall be construed under, and in accordance with, the terms of this Agreement.

(4) Regulatory References: A reference in this Paragraph to a section in the Privacy and Security Regulations means the section as currently in effect, or may hereafter be amended.

(5) Interpretation: Any ambiguity in this Paragraph shall be resolved in favor of a meaning that permits Covered Entity to comply with the Privacy Regulations.



(6) Amendment: The parties agree to take such action as is necessary to amend this Paragraph from time to time as is necessary for Covered Entity to comply with the requirements of the Privacy and Security Regulations."

7. Paragraphs 48, 49, and 50, CONTRACTOR'S WARRANTY OF ADHERENCE TO COUNTY'S CHILD SUPPORT COMPLIANCE PROGRAM, shall be deleted in its entirety and replaced with Paragraph 61, to read as following:

"61. CONTRACTOR'S WARRANTY OF ADHERENCE TO COUNTY'S CHILD SUPPORT COMPLIANCE PROGRAM:

A. Contractor acknowledges that County has established a goal of ensuring that all individuals who benefit financially from County through County purchase orders and/or contracts are in compliance with their court ordered child, family, and spousal support obligations in order to mitigate the economic burden otherwise imposed upon County and its taxpayers.

As required by County's Child Support Compliance Program (County Code Chapter 2.200) and without limiting Contractor's duty under this Agreement to comply with all applicable provisions of law, Contractor warrants that it is now in compliance and

shall during the term of this Agreement maintain compliance with employment and wage reporting requirements as required by the federal Social Security Act (42 U.S.C. section 653a) and California Unemployment Insurance Code section 1088.55, and shall implement all lawfully served Wage and Earnings Withholding Orders or Child Support Services Department Notices of Wage and Earnings Assignment for Child or Spousal Support, pursuant to Code of Civil Procedure section 706.031 and Family Code section 5246(b).

B. TERMINATION FOR BREACH OF WARRANTY TO MAINTAIN COMPLIANCE WITH COUNTY'S CHILD SUPPORT COMPLIANCE PROGRAM: Failure of Contractor to maintain compliance with the requirements set forth in the Contractor's Warranty of Adherence to County's Child Support Compliance Program Paragraph immediately above, shall constitute a default by Contractor under this Agreement. Without limiting the rights and remedies available to County under any other provision of this Agreement, failure of Contractor to cure such default within ninety (90) calendar days of written notice by County shall be grounds upon which County may terminate this Agreement pursuant to the Termination for Default

Paragraph (or "Term and Termination" Paragraph of this Agreement, whichever is applicable) and pursue debarment of Contractor pursuant to County Code Chapter 2.202."

8. Paragraphs 32, 33, and 34, TERMINATION FOR INSOLVENCY, DEFAULT, GRATUITIES, AND/OR IMPROPER CONSIDERATIONS, AND CONVENIENCE, shall be deleted in its entirety and replaced with Paragraph 62 to read as follows:

"62. TERMINATION FOR INSOLVENCY, DEFAULT, GRATUITIES, AND/OR IMPROPER CONSIDERATIONS, AND CONVENIENCE:

A. Termination for Insolvency: County may terminate this Agreement immediately for default in the event of the occurrence of any of the following:

(1) Insolvency of Contractor. Contractor shall be deemed to be insolvent if it has ceased to pay its debts at least sixty (60) calendar days in the ordinary course of business or cannot pay its debts as they become due, whether Contractor has committed an act of bankruptcy or not, and whether Contractor is insolvent within the meaning of the federal Bankruptcy Law or not;

(2) The filing of a voluntary or involuntary petition under the federal Bankruptcy Law;

(3) The appointment of a Receiver or Trustee for Contractor;

(4) The execution by Contractor of an assignment for the benefit of creditors. The rights and remedies of County provided in this Paragraph shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Agreement.

B. Termination For Default: County may, by written notice of default to Contractor, terminate this Agreement immediately in any one of the following circumstances:

(1) If, as determined in the sole judgment of County, Contractor fails to perform any services within the times specified in this Agreement or any extension thereof as County may authorize in writing; or

(2) If, as determined in the sole judgment of County, Contractor fails to perform and/or comply with any of the other provisions of this Agreement, or so fails to make progress as to endanger performance of this Agreement in accordance with its terms, and in either of these two (2) circumstances, does not cure such failure within a

period of five (5) calendar days (or such longer period as County may authorize in writing) after receipt of notice from County specifying such failure.

In the event that County terminates this Agreement as provided hereinabove, County may procure, upon such terms and in such manner as County may deem appropriate, services similar to those so terminated, and Contractor shall be liable to County for any reasonable excess costs incurred by County for such similar services.

The rights and remedies of County provided in this Paragraph shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Agreement.

C. Termination For Gratuities and/or Improper Consideration: County may, by written notice to Contractor, immediately terminate Contractor's right to proceed under this Agreement, if it is found that gratuities or consideration in any form, were offered or given by Contractor, either directly or through an intermediary, to any County officer, employee, or agent, with the intent of securing the Agreement or securing favorable treatment with respect to the award, amendment, or extension of the

Agreement, or making of any determinations with respect to the Contractor's performance pursuant to the Agreement. In the event of such termination, County shall be entitled to pursue the same remedies against Contractor as it could in the event of default by Contractor.

Contractor shall immediately report any attempt by a County officer, employee, or agent, to solicit such improper gratuity or consideration. The report shall be made either to the County manager charged with the supervision of the employee or agent, or to the County Auditor-Controller's Employee Fraud Hotline at (213) 974-0914 or (800) 544-6861. (Among other items, such improper gratuities and considerations may take the form of cash, discounts, services, the provision of travel or entertainment, or other tangible gifts.)

D. Termination For Convenience: The performance of services under this Agreement may be terminated, with or without cause, in whole or in part, from time to time when such action is deemed by County to be in its best interest. Termination of services hereunder shall be effected by delivery to Contractor of a thirty (30) calendar day advance Notice of Termination specifying the extent to which

performance of services under this Agreement is terminated and the date upon which such termination becomes effective.

After receipt of a Notice of Termination and except as otherwise directed by County, Contractor shall:

(1) Stop services under this Agreement on the date and to the extent specified in such Notice of Termination; and

(2) Complete performance of such part of the services as shall not have been terminated by such Notice of Termination.

Further, after receipt of a Notice of Termination, Contractor shall submit to County, in the form and with the certifications as may be prescribed by County, its termination claim and invoice. Such claim and invoice shall be submitted promptly, but not later than sixty (60) calendar days from the effective date of termination. Upon failure of Contractor to submit its termination claim and invoice within the time allowed, County may determine on the basis of information available to County, the amount, if any, due to Contractor in respect to the termination, and such determination shall be final. After such determination is made, County shall pay Contractor the amount so determined.

Contractor for a period of five (5) years after final settlement under this Agreement, in accordance with Paragraph 10, Records and Audits, herein, retain and make available all its books, documents, records, or other evidence, bearing on the costs and expenses of Contractor under this Agreement in respect to the termination of services hereunder."

9. Paragraph 63, SAFELY SURRENDERED BABY LAW, shall be added to read as follows:

"63. SAFELY SURRENDERED BABY LAW: Contractor shall notify and provide to each of its officers, employees, and agents, and shall require that each of Contractor's subcontractors providing services under this Agreement also notify and provide to each of its officers, employees, and agents, a fact sheet regarding the Safely Surrendered Baby Law, its implementation in Los Angeles County, and where and how to safely surrender a baby. County's fact sheet is available on the Internet at [www.babysafela.org](http://www.babysafela.org). for printing and review purposes. Further, Contractor understands that it is County's policy to encourage Contractor and all of its subcontractors, providing services under this Agreement, if any, to voluntarily post County's "Safely Surrendered Baby Law" poster in a prominent position at



their place of business. County's Department of Children and Family Services will supply Contractor with the poster to be used."

10. Except for the changes set forth hereinabove, Agreement shall not be changed in any respect by this Agreement.

IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be subscribed by its

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Director of Health Services, and Contractor has caused this  
Amendment to be subscribed in its behalf by its duly authorized  
officer, the day, month, and year first above written.

COUNTY OF LOS ANGELES

By \_\_\_\_\_  
Bruce A. Chernof, M.D.,  
Acting Director and Chief  
Medical Officer

GREAT LAKES BILLING SERVICES,  
INC. \_\_\_\_\_  
Contractor

By \_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

Title \_\_\_\_\_  
(AFFIX CORPORATE SEAL HERE)

APPROVED AS TO FORM  
BY THE OFFICE OF THE COUNTY COUNSEL  
Raymond G. Fortner, Jr.  
County Counsel

By \_\_\_\_\_  
Deputy

APPROVED AS TO CONTRACT  
ADMINISTRATION:

Department of Health Services

By \_\_\_\_\_  
Cara O'Neill, Chief  
Contract and Grants Division

03/24/06  
AMENDCD4215.RM

EXHIBIT III

Contract No. H-700843

WORKERS' COMPENSATION SAFETY NET SERVICES AGREEMENT

AMENDMENT NO. 1

THIS AMENDMENT is made and entered into this \_\_\_\_\_ day  
of \_\_\_\_\_, 2006,

by and between COUNTY OF LOS ANGELES (hereafter  
"County"),  
and GRANT & WEBER (hereafter  
"Contractor").

WHEREAS, reference is made to that certain document entitled  
"AGREEMENT FOR WORKERS' COMPENSATION SAFETY NET SERVICES", dated  
November 9, 2004, and further identified as County Agreement No.  
H-700843, and any amendments thereto (all hereafter "Agreement");  
and

WHEREAS, it is the intent of the parties hereto to amend the  
Agreement to extend its term for an additional twelve (12)  
months, and make other hereafter described changes; and

WHEREAS, said Agreement provides that changes may be made in  
the form of a written amendment which is formally approved and  
executed by the parties.

NOW, THEREFORE, the parties hereto agree as follows:

1. This Amendment shall be effective July 1, 2006.

2. Paragraph 1, TERM, Subparagraph A, shall be replaced in its entirety to now read as follows:

"1. TERM:

A. The term of this Agreement shall commence November 9, 2004 and shall continue in full force and effect to midnight June 30, 2007. This Agreement, and the particular services specified within the Agreement, may be canceled or terminated at any time by County with or without cause upon the giving of thirty (30) calendar days prior written notice to Contractor."

3. Paragraph 9, INSURANCE COVERAGE REQUIREMENTS, shall be replaced in its entirety to now read as follows:

"9. INSURANCE COVERAGE REQUIREMENTS:

A. General Liability Insurance (written on Insurance Services Office ["ISO"] policy form "CG 00 01" or its equivalent) with limits of not less than the following:

General Aggregate:	\$2 Million
Products/Completed Operations Aggregate:	\$1 Million
Personal and Advertising Injury:	\$1 Million
Each Occurrence:	\$1 Million

B. Automobile Liability Insurance (written on ISO policy form "CA 00 01" or its equivalent) with a limit of liability of not less than \$1 Million for each accident. Such insurance shall include coverage for all "owned", "hired" and "non-owned" vehicles, or coverage for "any auto".

C. Workers' Compensation and Employers' Liability insurance providing workers' compensation benefits, as required by the Labor Code of the State of California or by any other state, and for which Contractor is responsible.

In all cases, the above insurance also shall include Employers' Liability coverage with limits of not less than the following:

Each Accident:	\$1 Million
Disease - Policy Limit:	\$1 Million
Disease - Each Employee:	\$1 Million

D. Professional Liability Insurance covering liability arising from error, omission, negligent or wrongful act of Contractor, its officers or employees with limits of not less than \$1 Million per occurrence and \$3 Million aggregate. The coverage also shall provide an extended two (2) year reporting period

commencing upon expiration or earlier termination or cancellation of this Agreement.

E. Crime Coverage: Insurance in an amount not less than indicated below covering against loss of money, securities, or other property referred to in this Agreement, and naming the County as loss payer.

Employee Dishonesty: \$1 Million

Forgery or alterations: \$1 Million

Theft, Disappearance and Destruction: \$1 Million"

4. Paragraph 10, ASSIGNMENT AND DELEGATION, shall be replaced in its entirety to now read as follows:

"10. ASSIGNMENT AND DELEGATION:

A. Contractor shall not assign its rights or delegate its duties under this Agreement, or both, either in whole or in part, without the prior written consent of County, in its discretion, attempted and any assignment or delegation which does not have such prior County consent shall be null and void. For purposes of this subparagraph, County consent shall require a written amendment to this Agreement which is formally approved and executed by the parties. Any payments by County to any approved assignee or delegate on any claim under this Agreement, shall deductible, at

County's sole discretion, against the claims, which the Contractor may have against County.

B. Shareholders, partners, members, or other equity holders of Agreement may transfer, sale, exchange, assign, or divest themselves of any interest they may have therein. However, in the event any such transfer, sale, exchange, assignment, or divestment is effected in such a way as to give majority control of Contractor to any person(s), corporation, partnership, or legal entity other than the majority controlling interest therein at the time of execution of this Agreement, such disposition is an assignment requiring the prior written consent of County in accordance with applicable provisions of this Agreement.

C. If any assumption, assignment, delegation, or takeover of any of the Contractor's duties, responsibilities, obligations, or performance of same by any entity other than the Contractor, whether through assignment, delegation, subcontract, merger, buyout, or any other mechanism, with or without consideration for any reason whatsoever without County's express prior written approval, shall be a material breach of this Agreement which may result in

the termination of this Agreement. In the event of such termination, County shall be entitled to pursue the same remedies against Contractor as it could."

5. Paragraph 31, CONTRACTOR RESPONSIBILITY AND DEBARMENT, shall be replaced in its entirety to now read as follows:

"31. CONTRACTOR RESPONSIBILITY AND DEBARMENT:

A. A responsible contractor is a contractor who has demonstrated the attribute of trustworthiness, as well as quality, fitness, capacity, and experience to satisfactorily perform the contract. It is County's policy to conduct business only with responsible contractors.

B. Contractor is hereby notified that, in accordance with Chapter 2.202 of the County Code, if County acquires information concerning the performance of Contractor under this Agreement, or other contracts, which indicates that Contractor is not responsible, County may or otherwise in addition to other remedies provided under this Agreement, debar Contractor from bidding or proposing on, or being awarded and/or performing work on, County contracts for a specified period of time, which generally will not exceed five (5) years, but may exceed five (5) years, or be



permanent if warranted by the circumstances, and terminate this Agreement and any or all existing contracts Contractor may have with County.

C. County may debar Contractor if County's Board of Supervisors finds, in its discretion, that Contractor has done any of the following: (1) violated any term of this Agreement or other contract with County, or a non-profit corporation created by County, (2) committed any act or omission which negatively reflects on Contractor's quality, fitness, or capacity to perform a contract with County, any public entity, or a non-profit corporation created by County, or engaged in a pattern or practice which negatively reflects on same, (3) committed an act or offense which indicates a lack of business integrity or business honesty, or (4) made or submitted a false claim against County or any other public entity.

D. If there is evidence that Contractor may be subject to debarment, Director will notify Contractor in writing of the evidence which is the basis for the proposed debarment and will advise Contractor of the scheduled date for a debarment hearing before County's Contractor Hearing Board.

E. County's Contractor Hearing Board will conduct a hearing where evidence on proposed debarment is presented. Contractor and/or Contractor's representative shall be given an opportunity to submit evidence at that hearing. After the hearing, County's Contractor Hearing Board shall prepare a proposed decision, which shall contain a recommendation regarding whether Contractor should be debarred, and if so, the appropriate length of time of the debarment. Contractor and Director shall be provided an opportunity to object to the proposed decision prior to its presentation to County's Board of Supervisors.

F. After consideration of any objections, or if no objections are submitted, a record of the hearing, the proposed decision, and any other recommendation of County's Contractor Hearing Board shall be presented to County's Board of Supervisors. County's Board of Supervisors shall have the right at its sole discretion to modify, deny, or adopt the proposed decision and recommendation of County's Contractor Hearing Board.

G. If a Contractor has been debarred for a period longer than five (5) years, that Contractor may after the debarment has been in effect for at least five (5)

years, submit a written request for review of the debarment determination to reduce the period of debarment or terminate the debarment. County may, in its discretion, reduce the period of debarment or terminate the debarment if it finds that Contractor has adequately demonstrated one or more of the following:

- (1) elimination of the grounds for which the debarment was imposed,
- (2) a bona fide change in ownership or management,
- (3) material, or
- (4) any other reason that is in the best interest of County.

H. County's Contractor hearing Board will consider a request for review of a debarment determination only where (1) Contractor has been debarred for a period longer than five (5) years, (2) the debarment has been in effect for at least five (5) years, and (3) the request is in writing, states one or more of the grounds for reduction of the debarment, and includes supporting documentation. Upon receiving as appropriate request, County's Contractor Hearing Board will provide notice of the hearing on the request. At the hearing, County's Contractor Hearing Board shall conduct a hearing where evidence on the proposed reduction of debarment period or termination of

debarment is presented. This hearing shall be conducted and the request for review decided by County's Contractor Hearing Board pursuant to the same procedures as for a debarment hearing.

County's Contractor Hearing Board's proposed decision shall contain a recommendation on the request to reduce the period of debarment or terminate the debarment. County's Contractor Hearing Board shall present its proposed decision and recommendation to the Board of Supervisors. The Board of Supervisors shall have the right to modify, deny, or adopt the proposed decision and recommendation of the County's Contractor Hearing Board.

I. These terms shall also apply to any subcontractors/consultants of County contractors."

6. Paragraph 13, CONTRACTOR'S OBLIGATIONS AS A BUSINESS ASSOCIATE UNDER THE HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT OF 1996 ("HIPAA" of the ADDITIONAL PROVISIONS shall be replaced in its entirety to now read as follows:

"13. CONTRACTOR'S OBLIGATIONS AS A BUSINESS ASSOCIATE UNDER THE HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT OF 1996 ("HIPAA") shall be amended to read as follows:  
Under this Agreement, Contractor (also known herein as

"Business Associate") provides services ("Services") to County (also known herein as "Covered Entity") in which Business Associate receives, has access to, or creates, Protected Health Information and/or Electronic Protected Health Information in order to provide those Services. Covered Entity is subject to the Administrative Simplification requirements of the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), and regulations promulgated thereunder, including the Standards for Privacy of Individually Identifiable Health Information ("Privacy Regulations") and the Health Insurance Reform: Security Standards ("Security Regulations") at 45 Code of Federal Regulations Parts 160 and 164 (together, the "Privacy and Security Regulations").

Privacy and Security Regulations require Covered Entity to enter into a contract with Business Associate in order to mandate certain protections for the privacy and security of Protected Health Information, and those Privacy and Security Regulations prohibit the disclosure to or use of Protected Health Information by Business Associate if such an contract is not in place.

Therefore, the parties agree to the following:

A. DEFINITIONS:

(1) "Disclose" and "Disclosure" means, with respect to Protected Health Information, the release, transfer, provision of access to, or divulging in any other manner Protected Health Information which is outside of Business Associate's internal operations or to other than its employees.

(2) "Electronic Media" has the same meaning as the term "electronic media" in 45 C.F.R. § 160.103. Further, Electronic Media means: (a) Electronic storage media including memory devices in computers (hard drives) and any removable/transportable digital memory medium, such as magnetic tape or disk, optical disk, or digital memory card; or (b) Transmission media used to exchange information already in electronic storage media. Transmission media includes, for example, the internet (wide-open), extranet (using internet technology to link a business with information accessible only to collaborating parties), leased lines, dial-up lines, private networks, and the physical movement of removable/transportable electronic storage media. Certain transmissions, including of paper, via facsimile ("FAX"), and of voice, via telephone, are not

considered to be transmissions via electronic media, because the information being exchanged did not exist in electronic form before the transmission. The term "electronic media" draws no distinction between internal and external data, at rest (that is, in storage), as well as, during transmission.

(3) "Electronic Protected Health Information" has the same meaning as the term "electronic protected health information" in 45 C.F.R. § 160.103. Further, Electronic Protected Health Information means protected health information that is: (a) transmitted by electronic media, and (b) maintained in electronic media.

(4) "Individual" means the person who is the subject of Protected Health Information and shall include a person who qualifies as a personal representative in accordance with 45 C.F.R. § 164.502(g).

(5) "Protected Health Information" has the same meaning as the term "protected health information" in 45 C.F.R. § 164.501, limited to the information created or received by Business Associate from or on behalf of Covered Entity. Protected Health Information includes

information that; (a) relates to the past, present, or future, physical or mental health, or condition of an Individual; the provision of health care to an Individual, or the past, present, or future, payment for the provision of health care to an Individual; (b) identifies the Individual (or for which there is a reasonable basis for believing that the information can be used to identify the Individual); and (c) is received by Business Associate from or on behalf of Covered Entity, or is created by Business Associate, or is made accessible to Business Associate by Covered Entity. "Protected Health Information" includes Electronic Health Information.

(6) "Required By Law" means a mandate contained in law that compels an entity to make a Use or Disclosure of Protected Health Information and that is enforceable in a court of law. Required by law includes, but is not limited to, court orders and court ordered warrants; subpoenas or summons issued by a court, a grand jury, a governmental or tribal inspector general, or any administrative body authorized to require the production of information; a civil or an authorized investigative demand; Medicare conditions of participation with



respect to health care providers participating in the program; and statutes or regulations that require the production of information, including statutes or regulations that require such information if payment is sought under a government program providing benefits.

(7) "Security Incident" means the attempted or successful unauthorized access, Use, Disclosure, modification, or destruction of information in, or interference with system operations of, an Information System which contains Electronic Protected Health Information. However, Security Incident does not include attempts to access an Information System when those attempts are not reasonably considered by Business Associate to constitute an actual threat to the Information System.

(8) "Services" has the same meaning as used in the body of this Agreement.

(9) "Use" or "Uses" means, with respect to Protected Health Information, the analysis, application, employment, examination, sharing, or utilization of such information within Business Associate's internal operations.

(10) Terms used, but not otherwise defined, in this Paragraph shall have the same meaning as those terms in the HIPAA Regulations.

B. OBLIGATIONS OF BUSINESS ASSOCIATE:

(1) Permitted Uses and Disclosures of Protected Health Information: Business Associate:

a. Shall Use and Disclose Protected Health Information as necessary to perform the Services, and as provided in this Paragraph's Sections, B.(3), B.(4), B.(5), B.(6), B.(7), B.(8), Subparagraph, D.(3), and Subparagraph, E.(2) of this Agreement;

b. Shall Disclose Protected Health Information to Covered Entity upon request;

c. May, as necessary for the proper management and administration of its business or to carry out its legal responsibilities:

1) Use Protected Health Information; and

2) Disclose Protected Health Information if the Disclosure is Required By Law.

Business Associate shall not Use or Disclose Protected Health Information for any other purpose.

(2) Adequate Safeguards for Protected Health

Information: Business Associate:

a. Shall implement and maintain appropriate safeguards to prevent the Use or Disclosure of Protected Health Information in any manner other than as permitted by this Paragraph. Business Associate agrees to limit the Use and Disclosure of Protected Health Information to the minimum necessary in accordance with the Privacy Regulation's minimum necessary standard.

b. Effective as of April 20, 2005, specifically as to Electronic Health Information, shall implement and maintain administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of Electronic Protected Health Information.

(3) Reporting Non-Permitted Use or Disclosure and Security Incidents: Business Associate shall report to Covered Entity each Use or Disclosure that is made by Business Associate, its officers, employees, agents, representatives, or subcontractors, but is not specifically permitted by this Agreement, as well as,

effective April 20, 2005, each Security Incident of which Business Associate becomes aware. The initial report shall be made by telephone call to Covered Entity's Departmental Privacy Officer at 1-(800) 711-5366 within forty-eight (48) hours from the time the Business Associate becomes aware of the non-permitted Use, Disclosure, or Security Incident, followed by a full written report no later than ten (10) business days from the date the Business Associate becomes aware of the non-permitted Use, Disclosure, or Security Incident to the Covered Entity's Chief Privacy Officer, at: Chief Privacy Officer, Kenneth Hahn Hall of Administration, 500 West Temple Street, Suite 525, Los Angeles, California 90012.

(4) Mitigation of Harmful Effect: Business Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a Use or Disclosure of Protected Health Information by Business Associate in violation of the requirements of this Paragraph.

(5) Availability of Internal Practices, Books and Records to Government Agencies: Business Associate agrees to make its internal practices, books, and

records, relating to the Use and Disclosure of Protected Health Information, available to the Secretary of the federal Department of Health and Human Services ("DHHS") for purposes of determining Covered Entity's compliance with the Privacy and Security Regulations. Business Associate shall immediately notify Covered Entity of any requests made by the Secretary and provide Covered Entity with copies of any documents produced in response to such request.

(6) Access to Protected Health Information:

Business Associate shall, to the extent Covered Entity determines that any Protected Health Information constitutes a "designated record set" as defined by 45 C.F.R. § 164.501, make the Protected Health Information, specified by Covered Entity available to the Individual(s) identified by Covered Entity as being entitled to access and copy that Protected Health Information. Business Associate shall provide such access for inspection of that Protected Health Information within two (2) business days after receipt of request from Covered Entity. Business Associate shall provide copies of that Protected Health

Information within five (5) business days after receipt of request from Covered Entity.

(7) Amendment of Protected Health Information:

Business Associate shall, to the extent Covered Entity determines that any Protected Health Information constitutes a "designated record set" as defined by 45 C.F.R. § 164.501, make any amendments to Protected Health Information that are requested by Covered Entity. Business Associate shall make such amendment within ten (10) business days after receipt of request from Covered Entity in order for Covered Entity to meet the requirements under 45 C.F.R. § 164.526.

(8) Accounting of Disclosures: Upon Covered Entity's request, Business Associate shall provide to Covered Entity an accounting of each Disclosure of Protected Health Information made by Business Associate or its officers, employees, agents, representatives, or subcontractors. However, Business Associate is not required to provide an accounting of Disclosures that are necessary to perform the Services because such Disclosures are for either payment or health care operations purposes, or both.

Any accounting provided by Business Associate under this Subparagraph B.(8) shall include: (a) the date of the Disclosure; (b) the name, and address if known, of the entity or person who received the Protected Health Information; © a brief description of the Protected Health Information disclosed; and (d) a brief statement of the purpose of the Disclosure. For each Disclosure that could require an accounting under this Subparagraph B.(8), Business Associate shall document the information specified in (a) through (d), above, and shall securely maintain the information for six (6) years from the date of the Disclosure. Business Associate shall provide to Covered Entity, within ten (10) business days after receipt of request from Covered Entity, information collected in accordance with this Subparagraph B.(8) to permit Covered Entity to respond to a request by an Individual for an accounting of disclosures of Protected Health Information in accordance with 45 C.F.R. § 164.528.

C. OBLIGATION OF COVERED ENTITY: Covered Entity shall notify Business Associate of any current or future restrictions or limitations on the use of Protected Health

Information that would affect Business Associate's performance of Services, and Business Associate shall thereafter restrict or limit its own uses and disclosures accordingly.

D. TERM AND TERMINATION:

(1) Term: The term of this Paragraph, shall be the same as the term of this Agreement. Business Associate's obligations under this Paragraph's subparagraph(s) B.(1) (as modified by Subparagraph D.(2)), B.(3), B.(4), B.(5), B.(6), B.(7), B.(8), Subparagraph D.(3) and Subparagraph E.(2) shall all survive the termination or expiration of this Agreement.

(2) Termination for Cause: In addition to and notwithstanding the termination provisions set forth in this Agreement, upon Covered Entity's knowledge of a material breach by Business Associate, Covered Entity shall either:

a. Provide an opportunity for Business Associate to cure the breach or end the violation and terminate this Agreement if Business Associate does not cure the breach or end the violation within the time specified by Covered Entity;



b. Immediately terminate this Agreement if Business Associate has breached a material term of this Agreement and cure is not possible; or

c. If neither termination nor cure are feasible, Covered Entity shall report the violation to the Secretary of the federal DHHS.

(3) Disposition of Protected Health Information Upon Termination or Expiration:

a. Except as provided in Sub-subparagraph b. of this section, upon termination for any reason or expiration of this Agreement, Business Associate shall return or destroy all Protected Health Information received from Covered Entity or created, or received, by Business Associate on behalf of Covered Entity. This provision shall apply to Protected Health Information that is in the possession of agents, representatives, or subcontractors, of Business Associate. Business Associate shall retain no copies of the Protected Health Information.

b. In the event that Business Associate determines that returning or destroying the Protected Health Information is infeasible, Business

Associate shall provide to Covered Entity notification of the conditions that make it infeasible. If return or destruction is infeasible, Business Associate shall extend the protections of this Agreement, to such Protected Health Information and limit further Uses and Disclosures of such Protected Health Information to those purposes that make the return or destruction infeasible, for so long as Business Associate maintains such Protected Health Information.

E. MISCELLANEOUS:

(1) No Third Party Beneficiaries: Nothing in this Paragraph shall confer upon any person other than the parties and their respective successors or assignees, any rights, remedies, obligations, or liabilities whatsoever.

(2) Use of Agents, Representatives, and/or Subcontractors: Business Associate shall require each of its agents, representatives, and/or subcontractors, that receive Protected Health Information from Business Associate, or create Protected Health Information for Business Associate, on behalf of Covered Entity, to execute a written agreement obligating the agent,

representative, and/or subcontractor to comply with all the terms of this Paragraph.

(3) Relationship to Services Agreement Provisions:

In the event that a provision of this Paragraph is contrary to another provision of this Agreement, the provision of this Paragraph shall control. Otherwise, this Paragraph shall be construed under, and in accordance with, the terms of this Agreement.

(4) Regulatory References: A reference in this Paragraph to a section in the Privacy and Security Regulations means the section as currently in effect, or may hereafter be amended.

(5) Interpretation: Any ambiguity in this Paragraph shall be resolved in favor of a meaning that permits Covered Entity to comply with the Privacy Regulations.

(6) Amendment: The parties agree to take such action as is necessary to amend this Paragraph from time to time as is necessary for Covered Entity to comply with the requirements of the Privacy and Security Regulations."

7. Except for the changes set forth hereinabove, Agreement shall not be changed in any respect by this Amendment.

IN WITNESS WHEREOF, the Board of Supervisors of the County of  
Los Angeles has caused this Amendment to be subscribed by its

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Director of Health Services, and Contractor has caused this  
Amendment to be subscribed in its behalf by its duly authorized  
officer, the day, month, and year first above written.

COUNTY OF LOS ANGELES

By \_\_\_\_\_  
Bruce A. Chernof, M.D.,  
Acting Director and Chief  
Medical Officer

\_\_\_\_\_  
GRANT AND WEBER  
Contractor

By \_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

Title \_\_\_\_\_  
(AFFIX CORPORATE SEAL HERE)

APPROVED AS TO FORM  
BY THE OFFICE OF THE COUNTY COUNSEL  
Raymond G. Fortner, Jr.  
County Counsel

By \_\_\_\_\_  
Deputy

APPROVED AS TO CONTRACT  
ADMINISTRATION:

Department of Health Services

By \_\_\_\_\_  
Cara O'Neill, Chief  
Contract and Grants Division

03/24/06  
AMENDCD4216.RM